
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
POLICY SUBCOMMITTEE
OF THE
INVESTMENT COMMITTEE**

MINUTES OF MEETING

September 16, 2005

A meeting of the Policy Subcommittee was held on Friday, September 16, 2005 in the Lincoln Plaza North Building, 400 Q Street, Room 1140, Sacramento, California.

The meeting was called to order at 2:00 p.m. and the following members were present:

Priya Mathur, Chair
Toni Symonds, representing Steve Westly, Vice Chair
Robert Carlson
Charles Valdes
Rosalind Brewer, representing Philip Angelides

Other attendees:

Michael Schlachter, Wilshire Associates
Andrew Junkin, Wilshire Associates
Pam Alsterlind, PCA

AGENDA ITEM 2 – APPROVAL OF THE June 10, 2005 MEETING MINUTES

On **MOTION** by Mr. Valdes, **SECONDED** and **CARRIED** to approve the June 10, 2005 meeting minutes as amended with the addition of Andrew Junkin, Wilshire Associates, to the list of attendees.

EQUITY POLICIES

AGENDA ITEM 3a – Adoption of International Enhanced Index Strategy – Externally Managed

Dale Johnson, Investment Officer, presented the Statement of Investment Policy. Christy Wood, Senior Investment Officer, Anne Stausboll, Assistant Executive Officer, and Mark Anson, Chief Investment Officer, all made additional comments.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to approve the first reading of the Statement of Investment Policy for International Enhanced Index Strategy – Externally Managed. The policy will return for a second reading at the December 2005 Policy Subcommittee meeting after presentation to and review by potential managers to allow time for staff to consider their input.

AGENDA ITEM 3b – Revision of Corporate Governance Fund Investment Vehicles – Externally Managed

Christy Wood, Senior Investment Officer, presented the revised Statement of Investment Policy. Mark Anson, Chief Investment Officer, Anne Stausboll, Assistant Executive Officer, and Michael Schlachter, Wilshire Associates, responded to concerns from the Subcommittee members.

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Corporate Governance Fund Investment Vehicles – Externally Managed.

FIXED INCOME POLICIES

AGENDA ITEM 4a – Revision of Active International Fixed Income – Externally Managed

Eric Busay, Portfolio Manager, presented the revised Statement of Investment Policy. Curtis Ishii, Senior Investment Officer, made additional comments.

On **MOTION** by Mr. Valdes, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Active International Fixed Income.

Ms. Brewer, representing the Treasurer, voted no.

AGENDA ITEM 4b – Revision of Dollar Denominated Fixed Income Program

Curtis Ishii, Senior Investment Officer, presented the revised Statement of Investment Policy.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Dollar Denominated Fixed Income Program.

Ms. Brewer, representing the Treasurer, voted no.

REAL ESTATE POLICIES

Al Fernandez, Senior Portfolio Manager, introduced the following three agenda items. Pam Alsterlind, PCA, and Andrew Junkin, Wilshire Associates, responded to concerns from the Subcommittee members.

AGENDA ITEM 5a – Revision of the Extended Market Public Real Estate Equity Securities (Extended Market PREES)

Borge Tangeraas, Investment Officer, presented the revised Statement of Investment Policy.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Extended Market Public Real Estate Equity Securities (Extended Market PREES).

AGENDA ITEM 5b – Revision of Equity Real Estate

Randy Pottle, Investment Officer, presented the revised Statement of Investment Policy.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for Equity Real Estate.

Ms. Brewer, representing the Treasurer, voted no.

AGENDA ITEM 5c – Revision of International Equity Real Estate

Randy Pottle, Investment Officer, presented the revised Statement of Investment Policy.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised Statement of Investment Policy for International Equity Real Estate.

ADMINISTRATIVE

AGENDA ITEM 6a – Revision of “Watchlist Status” Definition in Glossary

Anne Stausboll, Assistant Executive Officer, presented this item.

On **MOTION** by Ms. Symonds, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval of the revised definition of “Watchlist Status” in the Master Glossary.

AGENDA ITEM 6b – Revision of “Shareholder” to “Shareowner”

Mark Anson, Chief Investment Officer, presented this item.

On **MOTION** by Mr. Carlson, **SECONDED** and **CARRIED** to recommend to the Investment Committee approval to change "shareholder" to "shareowner" in the following policies:

- Alternative Investment Program
- International Equity Real Estate
- Opportunistic Real Estate
- Permissible Country
- Representation on Corporate Boards of Directors

AGENDA ITEM 6c – Proposed December 2005 Agenda

A second reading of the International Enhanced Index Strategy – Externally Managed policy, was added to the proposed December 2005 agenda.

AGENDA ITEM 6d – Meeting Schedule - 2006

On **MOTION** by Mr. Valdes, **SECONDED** and **CARRIED** to approve the meeting schedule for 2006 to meet every other month.

AGENDA ITEM 7 – Public Comment

There were no public comments.

The meeting was adjourned at 2:45 p.m.

The next meeting is scheduled for December 9, 2005 at a time to be determined in Sacramento, California.